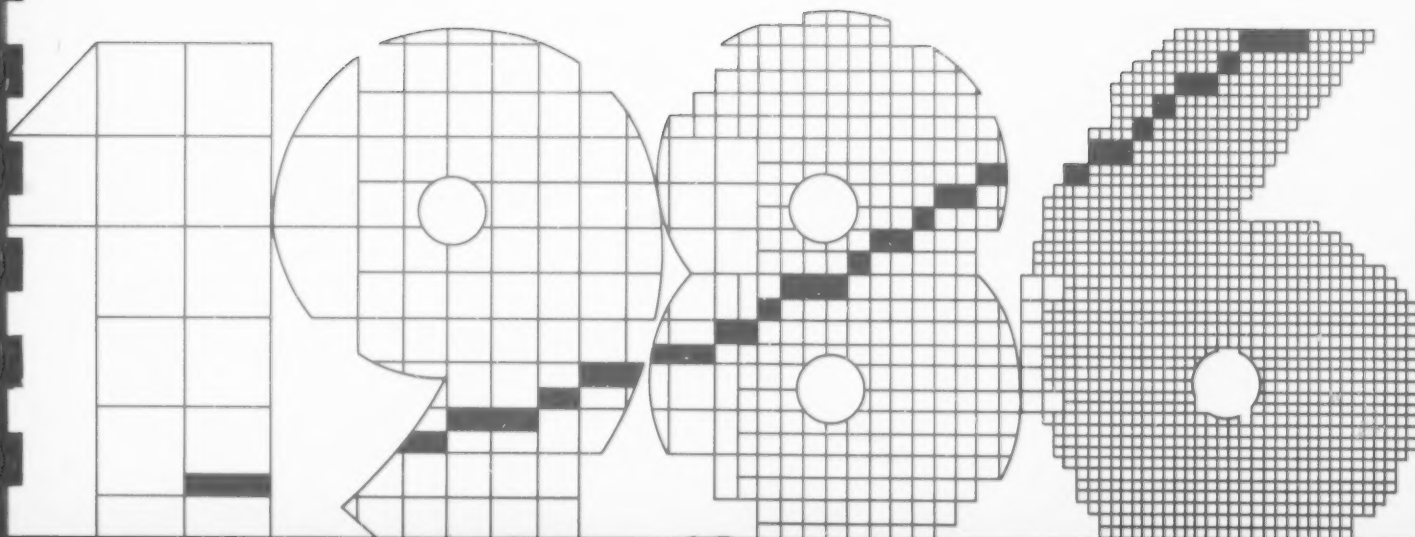




Volume X

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63RD annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1986 FINANCIAL RATIOS

LARGE PRINTING FIRMS

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PRINTING INDUSTRIES OF AMERICA, INC.

Member Programs Group
1730 North Lynn Street
Arlington, Virginia 22209

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H. R. MARGOLIS COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Offices:
PHILADELPHIA
NEW YORK

Dear Member of the Graphic Arts Community:

H. R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all, 979 graphic arts firms of various types took part in the 1986 study. This particular volume is the result of financial information contributed by 159 Large Printers (annual sales volume of \$10,000,000 or more) across the United States and Canada.

To help readers compare their own financial statements to those of other firms, the data is presented here by sales volume - for example, sales from \$10 to \$20 million, sales from \$20 to \$40 million, etc.; and by product specialty - for example, Commercial and Advertising, Magazine and Periodical, etc. Readers can compare their firm's operations with other firms having the same sales volume, or product specialty in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts and Return on Investment.

The importance of sharing this type of information among the members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H. R. Margolis Company
H. R. MARGOLIS COMPANY



PRINTING INDUSTRIES OF AMERICA, INC.

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1986 is the 63rd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

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Printing Industries of America, Inc. recognizes that the industry's largest printing firms have some unique needs which are not generally being met in the industry. For this reason PIA has developed programs and services for the benefit of these companies. One of these services is this special ratio study undertaken exclusively for companies of this size. Another effort on the part of PIA to meet the needs of large firms is the Conference Board of Major Printers. Listed below is information regarding this PIA special section.

- CBMP is the only organization dedicated to the needs of the large printers.
- Membership is limited to Chief Executive Officers of selected printing companies.
- CBMP pursues specific projects of special interest to large printers, via special presentations at the bi-annual Meetings, and via montly *UP-DATE SURVEYS* and *REPORTS* on current topics of interest.
- CBMP represents the interests of the major printers within PIA, by assuring that appropriate PIA programs are offered to its members.
- CBMP provides basic leadership to the printing industry as a whole.
- CBMP studies the impact of government regulations and legislation on the large printing organizations.
- CBMP studies the impact on large printers of suppliers of equipment and materials.
- CBMP strives toward better understanding of customer needs through its own special studies.
- CBMP is comprised of over 40 member companies who produce every type of printed product.
- CBMP is dedicated to provide guidance in the area of quality control, materials management, and other management disciplines for the large printer.

Laura M. Yoder, Exec. Director
Conference-Board of Major Printers
(703) 841-4803

VALUE ADDED -- WHAT IT MEANS TO YOU

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		\$100.00
Less: Materials		
Paper	\$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		\$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less material costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of statement presentation, management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	\$1,000,000	100.00%	\$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	<u>328,000</u>	<u>32.80</u>	<u>452,900</u>	<u>45.29</u>
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	<u>363,600</u>	<u>54.11</u>	<u>278,800</u>	<u>50.96</u>
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	<u>18,300</u>	<u>2.72</u>	<u>7,900</u>	<u>1.44</u>
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	<u>10,200</u>	<u>1.52</u>	<u>16,200</u>	<u>2.96</u>
INCOME BEFORE INCOME TAXES	<u>\$ 112,800</u>	<u>16.79%</u>	<u>\$ 134,900</u>	<u>24.66%</u>

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

CHAPTER 1 - BY SIZE OF FIRM

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING PROFIT		SALES FROM \$10 TO \$20 MILLION PROFIT	
	ALL FIRMS	LEADERS*	ALL FIRMS	LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	44.52	41.29	44.38	41.70
FACTORY EXPENSES	20.74	19.28	19.57	17.52
TOTAL FACTORY COST OF PRODUCT	65.26	60.57	63.95	59.22
GROSS PROFIT	34.74	39.43	36.05	40.78
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.81	9.42	11.62	10.75
Selling expenses	13.13	10.13	14.50	11.76
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	23.94	19.55	26.12	22.51
INCOME BEFORE INTEREST EXPENSE	10.80	19.88	9.93	18.27
Interest expense	3.25	2.14	3.29	1.78
OPERATING INCOME	7.55	17.74	6.64	16.49
Other income	1.54	3.06	0.98	0.96
INCOME BEFORE INCOME TAXES	9.09	20.80	7.62	17.45

* See page 10 for the definition of "Profit Leaders".

SALES FROM \$20 TO \$40 MILLION		SALES FROM \$40 TO \$80 MILLION		SALES FROM \$80 TO \$160 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X
X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
44.59	40.88	44.98	38.29	45.24	43.69
22.12	20.78	23.67	23.52	17.84	17.27
66.71	61.66	68.65	61.81	63.08	60.96
33.29	38.34	31.35	38.19	36.92	39.04
9.98	8.03	9.83	9.74	7.70	6.77
11.87	9.37	10.50	5.80	10.56	8.47
21.85	17.40	20.33	15.54	18.26	15.24
11.44	20.94	11.02	22.65	18.66	23.80
3.16	2.85	3.63	1.82	2.03	1.26
8.28	18.09	7.39	20.83	16.63	22.54
2.64	6.82	1.40	0.96	1.61	0.83
10.92	24.91	8.79	21.79	18.24	23.37

CHAPTER 1 - BY SIZE OF FIRM

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM \$10 TO \$20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.86%	2.99%	2.84%	3.84%
Direct wages	27.47	25.36	27.88	26.15
General factory salaries and wages	4.86	4.22	4.67	3.64
Packing, shipping and delivery wages	1.73	1.56	1.70	1.61
Payroll taxes	2.80	2.59	2.85	2.67
Employee benefits	4.80	4.57	4.44	3.79
TOTAL FACTORY PAYROLL	44.52	41.29	44.38	41.70
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.44	0.44	0.38	0.35
Depreciation - other	5.31	5.40	4.95	4.74
Taxes - real estate	0.35	0.29	0.33	0.21
Taxes - other	0.37	0.31	0.40	0.39
Insurance	0.48	0.38	0.50	0.35
Building rent	1.08	0.78	1.29	1.08
Utilities - heat, light, etc.	2.38	2.35	2.13	2.03
Equipment rental	0.75	0.41	0.91	0.43
Total Fixed Expenses	11.16	10.36	10.89	9.58
Other Expenses				
Factory supplies and expense	3.91	3.96	3.44	3.47
Packing, shipping and delivery expense	1.68	1.42	1.61	1.15
Repairs and maintenance	2.41	2.34	2.27	2.31
Other factory expenses	1.58	1.20	1.36	1.01
Total Other Expenses	9.58	8.92	8.68	7.94
TOTAL FACTORY EXPENSES	20.74	19.28	19.57	17.52
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.30	2.45	2.70	3.05
Salaries - office	2.68	1.99	2.78	2.30
Payroll taxes	0.33	0.30	0.36	0.38
Employee benefits	0.71	0.77	0.75	0.85
Bad debts	0.69	0.54	0.76	0.74
Office supplies and expenses	0.51	0.46	0.55	0.50
Professional fees	0.73	0.65	0.83	0.84
Taxes - business	0.13	0.12	0.17	0.18
Telephone	0.49	0.46	0.57	0.61
Other administrative expenses	2.24	1.68	2.15	1.30
TOTAL ADMINISTRATIVE EXPENSES	10.81	9.42	11.62	10.75
SELLING EXPENSES				
Salaries - executive	1.30	1.05	1.48	1.55
Salaries and commissions - salesmen	6.41	4.42	7.28	4.55
Salaries - sales office clerical	1.49	1.51	1.50	1.98
Payroll taxes	0.42	0.29	0.47	0.38
Employee benefits	0.61	0.49	0.61	0.57
Advertising	0.52	0.31	0.65	0.39
Travel and entertainment	1.08	0.83	1.29	1.21
Other selling expenses	1.30	1.23	1.22	1.13
TOTAL SELLING EXPENSES	13.13	10.13	14.50	11.76

SALES FROM \$20 TO \$40 MILLION	
ALL FIRMS	PROFIT LEADERS

3.06%	2.25%
26.71	23.78
4.78	4.78
1.93	1.69
2.83	2.47
5.28	5.91

44.59	40.88
-------	-------

0.51	0.55
5.51	5.70
0.34	0.38
0.38	0.23
0.49	0.40
0.93	0.47
2.58	2.45
0.66	0.50
11.40	10.68

4.52	4.59
1.82	1.69
2.32	2.06
2.06	1.76
10.72	10.10
22.12	20.78

1.93	2.04
2.76	1.71
0.33	0.24
0.66	0.74
0.44	0.39
0.46	0.34
0.55	0.50
0.08	0.04
0.41	0.31
2.36	1.72
9.98	8.03

1.03	0.64
5.71	4.78
1.59	1.20
0.40	0.23
0.62	0.45
0.38	0.24
0.70	0.45
1.44	1.38
11.87	9.37

SALES FROM \$40 TO \$80 MILLION	
ALL FIRMS	PROFIT LEADERS

3.00%	3.26%
26.95	26.27
5.61	2.33
1.43	1.59
2.57	2.05
5.42	2.79

44.98	38.29
-------	-------

0.54	0.35
6.59	7.39
0.45	0.27
0.24	0.33
0.40	0.61
0.54	0.85
3.03	3.03
0.31	0.09
12.10	12.92

4.68	4.25
1.72	1.30
3.50	3.72
1.67	1.33
11.57	10.60
23.67	23.52

1.61	1.97
1.89	0.85
0.19	0.08
0.60	0.25
1.07	0.16
0.47	0.91
0.86	0.54
0.08	0.19
0.36	0.29
2.70	4.50
9.83	9.74

1.35	0.41
4.23	2.94
1.33	0.60
0.32	0.11
0.63	0.38
0.32	0.13
1.07	0.36
1.25	0.87
10.50	5.80

SALES FROM \$80 TO \$160 MILLION	
ALL FIRMS	PROFIT LEADERS

0.77%	0.81%
31.77	30.79
4.62	3.41
1.66	1.00
2.38	3.36
4.04	4.32

45.24	43.69
-------	-------

0.44	0.77
5.43	6.80
0.47	0.53
0.27	0.09
0.32	0.24
0.56	0.14
2.93	3.45
0.14	0.05
10.56	12.07

4.04	4.12
1.14	1.06
2.08	2.25
0.02	(2.23)
7.28	5.20
17.84	17.27

0.87	0.71
2.83	2.47
0.27	0.29
0.89	0.92
0.73	0.41
0.37	0.43
0.38	0.35
0.00	0.00
0.34	0.25
1.02	0.94
7.70	6.77

0.55	0.46
5.75	3.48
0.87	1.00
0.24	0.20
0.31	0.25
0.49	0.42
0.75	0.66
1.60	2.00
10.56	8.47

CHAPTER 1 - BY SIZE OF FIRM

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM \$10 TO \$20 MILLION	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	29.23	27.67	26.87	24.39
Other chargeable materials	6.12	5.84	5.27	5.13
Outside services	7.44	6.93	8.47	6.77
TOTAL MATERIALS	42.84	40.44	40.61	36.79
FACTORY PAYROLL	25.56	24.59	26.48	26.06
FACTORY EXPENSES	11.75	11.32	11.63	11.00
TOTAL FACTORY COST OF PRODUCT	80.15	76.35	78.72	73.85
GROSS PROFIT	19.85	23.65	21.28	26.15
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	6.18	5.67	6.80	6.88
Selling expenses	7.62	6.46	8.65	8.08
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	13.80	12.13	15.45	14.96
INCOME BEFORE INTEREST EXPENSE	6.05	11.52	5.83	11.19
Interest expense	1.80	1.20	1.93	1.12
OPERATING INCOME	4.25	10.32	3.90	10.07
Other income	0.85	1.70	0.57	0.59
INCOME BEFORE INCOME TAXES	5.10	12.02	4.47	10.66

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	2.79%	2.84%	2.01%	1.62%
Film	1.01	0.88	1.13	1.02
Plates	1.04	0.89	1.20	0.93
Other chargeable materials	1.28	1.23	0.93	1.56
TOTAL OTHER CHARGEABLE MATERIALS	6.12	5.84	5.27	5.13
OUTSIDE SERVICES				
Composition	0.44	0.35	0.59	0.40
Offset preparation	1.08	0.93	1.38	1.23
Printing	1.62	1.97	1.42	1.14
Binding	2.50	1.93	2.89	1.40
Other outside services	1.80	1.75	2.19	2.60
TOTAL OUTSIDE SERVICES	7.44	6.93	8.47	6.77

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

SALES FROM \$20 TO \$40 MILLION		SALES FROM \$40 TO \$80 MILLION		SALES FROM \$80 TO \$160 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
30.65	29.42	37.17	31.70	33.64	34.52
7.06	6.08	7.65	7.95	7.46	7.53
6.26	6.51	6.04	12.51	5.95	5.54
43.97	42.01	50.86	52.16	47.05	47.59
25.10	23.89	22.24	18.79	23.91	23.26
12.15	11.91	11.66	11.01	9.44	9.13
81.22	77.81	84.76	81.96	80.40	79.98
18.78	22.19	15.24	18.04	19.60	20.02
5.67	4.62	4.84	4.58	4.14	3.43
6.81	5.54	5.15	2.91	5.70	4.32
12.48	10.16	9.99	7.49	9.84	7.75
6.30	12.03	5.25	10.55	9.76	12.27
1.64	1.48	1.86	0.80	1.09	0.51
4.66	10.55	3.39	9.75	8.67	11.76
1.44	3.73	0.69	0.47	0.76	0.34
6.10	14.28	4.08	10.22	9.43	12.10

3.38%	3.28%	4.57%	5.87%	5.31%	6.65%
0.94	0.83	0.65	0.62	0.66	0.32
0.90	0.88	0.65	0.93	0.60	0.46
1.84	1.09	1.78	0.53	0.89	0.10
7.06	6.08	7.65	7.95	7.46	7.53
0.29	0.32	0.13	0.47	0.15	0.42
0.71	0.98	0.68	0.17	0.25	0.00
1.61	1.02	2.72	9.83	2.34	0.66
2.16	2.72	1.79	1.62	1.39	1.04
1.49	1.47	0.72	0.42	1.82	3.42
6.26	6.51	6.04	12.51	5.95	5.54

CHAPTER 1 - BY SIZE OF FIRM

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM \$10 TO \$20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.65%	1.83%	1.72%	2.47%
Direct wages	15.73	15.00	16.59	16.26
General factory salaries and wages	2.79	2.53	2.75	2.26
Packing, shipping and delivery wages	1.00	0.91	1.04	1.01
Payroll taxes	1.63	1.56	1.71	1.66
Employee benefits	2.76	2.76	2.67	2.40
TOTAL FACTORY PAYROLL	25.56	24.59	26.48	26.06
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.25	0.27	0.23	0.23
Depreciation - other	2.98	3.12	2.93	2.95
Taxes - real estate	0.19	0.17	0.20	0.14
Taxes - other	0.21	0.17	0.24	0.24
Insurance	0.27	0.22	0.30	0.22
Building rent	0.62	0.47	0.76	0.66
Utilities - heat, light, etc.	1.34	1.35	1.26	1.26
Equipment rental	0.43	0.26	0.54	0.29
Total Fixed Expenses	6.29	6.03	6.46	5.99
Other Expenses				
Factory supplies and expense	2.26	2.39	2.08	2.29
Packing, shipping and delivery expense	0.95	0.85	0.95	0.72
Repairs and maintenance	1.35	1.34	1.35	1.42
Other factory expenses	0.90	0.71	0.79	0.58
Total Other Expenses	5.46	5.29	5.17	5.01
TOTAL FACTORY EXPENSES	11.75	11.32	11.63	11.00
ADMINISTRATIVE EXPENSES				
Salaries - executive	1.31	1.46	1.58	1.93
Salaries - office	1.57	1.22	1.62	1.47
Payroll taxes	0.19	0.19	0.22	0.25
Employee benefits	0.41	0.46	0.44	0.53
Bad debts	0.38	0.31	0.43	0.44
Office supplies and expenses	0.29	0.28	0.33	0.34
Professional fees	0.41	0.40	0.49	0.54
Taxes - business	0.07	0.07	0.10	0.11
Telephone	0.29	0.29	0.34	0.41
Other administrative expenses	1.25	0.99	1.25	0.86
TOTAL ADMINISTRATIVE EXPENSES	6.18	5.67	6.80	6.88
SELLING EXPENSES				
Salaries - executive	0.75	0.70	0.89	1.10
Salaries and commissions - salesmen	2.69	2.72	4.29	3.00
Salaries - sales office clerical	0.88	0.98	0.93	1.40
Payroll taxes	0.25	0.18	0.28	0.25
Employee benefits	0.36	0.32	0.37	0.40
Advertising	0.31	0.21	0.39	0.28
Travel and entertainment	0.62	0.55	0.76	0.84
Other selling expenses	0.76	0.80	0.74	0.81
TOTAL SELLING EXPENSES	7.62	6.46	8.65	8.08

SALES FROM \$20 TO \$40 MILLION		SALES FROM \$40 TO \$80 MILLION		SALES FROM \$80 TO \$160 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.73%	1.31%	1.47%	1.55%	0.44%	0.50%
14.92	13.80	13.38	12.83	16.85	16.49
2.76	2.86	2.75	1.10	2.31	1.70
1.05	0.96	0.71	0.71	0.92	0.45
1.62	1.47	1.29	1.10	1.34	1.80
3.02	3.49	2.64	1.50	2.05	2.32
25.10	23.89	22.24	18.79	23.91	23.26
0.29	0.32	0.27	0.19	0.21	0.37
2.97	3.22	3.23	3.49	2.78	3.41
0.18	0.21	0.21	0.14	0.23	0.27
0.20	0.12	0.12	0.15	0.15	0.06
0.26	0.23	0.21	0.32	0.18	0.11
0.51	0.29	0.26	0.40	0.33	0.06
1.40	1.37	1.51	1.45	1.54	1.79
0.36	0.29	0.16	0.05	0.07	0.03
6.17	6.05	5.97	6.19	5.49	6.10
2.57	2.66	2.34	2.02	2.14	2.06
0.98	1.00	0.85	0.64	0.57	0.53
1.26	1.16	1.67	1.61	1.09	1.18
1.17	1.04	0.83	0.55	0.15	(0.74)
5.98	5.86	5.69	4.82	3.95	3.03
12.15	11.91	11.66	11.01	9.44	9.13
1.05	1.15	0.79	0.91	0.49	0.40
1.61	1.00	0.95	0.40	1.59	1.31
0.19	0.14	0.10	0.04	0.16	0.16
0.39	0.44	0.30	0.13	0.46	0.43
0.26	0.23	0.51	0.06	0.33	0.17
0.26	0.19	0.23	0.41	0.19	0.20
0.30	0.28	0.43	0.24	0.22	0.20
0.05	0.02	0.04	0.11	0.00	0.00
0.23	0.18	0.18	0.13	0.19	0.11
1.33	0.99	1.31	2.15	0.51	0.45
5.67	4.62	4.84	4.58	4.14	3.43
0.58	0.37	0.66	0.19	0.30	0.23
3.29	2.83	2.10	1.62	3.03	1.48
0.90	0.68	0.67	0.29	0.46	0.56
0.23	0.14	0.15	0.06	0.14	0.11
0.36	0.27	0.31	0.21	0.17	0.14
0.22	0.14	0.16	0.06	0.24	0.20
0.39	0.27	0.52	0.14	0.39	0.33
0.84	0.84	0.58	0.34	0.97	1.27
6.81	5.54	5.15	2.91	5.70	4.32

CHAPTER 1 - BY SIZE OF FIRM

BALANCE SHEET

	ALL FIRMS REPORTING		SALES FROM \$10 TO \$20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	4.15%	8.12%	4.44%	10.33%
Receivables	30.91	27.37	31.97	29.04
Inventories	14.50	12.93	14.43	16.05
Other current assets	3.37	6.06	3.24	4.87
TOTAL CURRENT ASSETS	52.93	54.48	54.08	60.29
FIXED ASSETS				
Real estate	12.61	11.54	12.19	11.77
Less: Accumulated depreciation	3.29	2.84	2.98	2.82
	9.32	8.70	9.21	8.95
Machinery and equipment	59.03	53.87	57.12	44.24
Less: Accumulated depreciation	28.44	24.35	28.93	20.58
	30.59	29.52	28.19	23.66
Other fixed assets	4.93	4.05	6.37	6.16
Less: Accumulated depreciation	2.38	2.06	3.17	3.23
	2.55	1.99	3.20	2.93
NET FIXED ASSETS	42.46	40.21	40.60	35.54
OTHER ASSETS	4.61	5.31	5.32	4.17
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	9.61	3.71	11.70	3.92
Accounts payable	13.34	10.38	13.67	10.62
Other current liabilities	9.34	9.69	9.20	10.52
TOTAL CURRENT LIABILITIES	32.29	23.78	34.57	25.06
LONG-TERM LIABILITIES	25.85	21.41	27.64	19.81
TOTAL LIABILITIES	58.14	45.19	62.21	44.87
SHAREHOLDERS' AND PROPRIETORS' EQUITY	41.86	54.81	37.79	55.13
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.64	2.29	1.56	2.41
QUICK RATIO	1.19	1.75	1.15	1.77
TOTAL LIABILITIES TO EQUITY	1.39	0.82	1.65	0.81
LONG-TERM LIABILITIES TO EQUITY	0.62	0.39	0.73	0.36
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.48	0.45	0.51	0.47

SALES FROM \$20 TO \$40 MILLION	
ALL FIRMS	PROFIT LEADERS

4.71%	7.43%
30.32	25.59
14.70	9.24
4.01	8.13
53.74	50.39

13.21	11.04
3.73	2.98
9.48	8.06

59.13	60.91
27.63	25.86
31.50	35.05

3.70	2.17
1.61	1.06
2.09	1.11
43.07	44.22
3.19	5.39

100.00	100.00
--------	--------

6.81	4.47
13.59	10.33
10.72	9.84

31.12	24.64
23.05	22.90

54.17	47.54
45.83	52.46

100.00	100.00
--------	--------

SALES FROM \$40 TO \$80 MILLION	
ALL FIRMS	PROFIT LEADERS

1.51%	4.54%
27.90	29.89
14.07	9.68
1.72	5.79
45.20	49.90

13.24	6.87
3.61	1.50
9.63	5.37

67.36	67.48
26.97	29.92
40.39	37.56

1.70	1.71
0.87	0.86
0.83	0.85
50.85	43.78
3.95	6.32

100.00	100.00
--------	--------

8.19	1.52
12.33	11.88
6.30	7.15

26.82	20.55
26.14	25.11

52.96	45.66
47.04	54.34

100.00	100.00
--------	--------

SALES FROM \$80 TO \$160 MILLION	
ALL FIRMS	PROFIT LEADERS

2.86%	0.99%
28.12	20.63
17.06	16.47
4.79	3.39
52.83	41.48

11.52	18.07
3.32	3.54
8.20	14.53

61.97	65.66
30.80	34.02
31.17	31.64

2.24	2.77
0.87	0.85
1.37	1.92
40.74	48.09
6.43	10.43

100.00	100.00
--------	--------

4.74	1.09
9.85	9.18
8.95	5.48

23.54	15.75
15.25	11.88

38.79	27.63
61.21	72.37

100.00	100.00
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1.73	2.05
1.25	1.67
1.18	0.91
0.50	0.44

0.47	0.42
------	------

1.69	2.43
1.16	1.96
1.13	0.84
0.56	0.46

0.40	0.44
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2.24	2.63
1.52	1.59
0.63	0.38
0.25	0.16

0.50	0.52
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CHAPTER 1 - BY SIZE OF FIRM

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES FROM \$10 TO \$20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	\$ 59,044	\$ 68,199	\$ 53,304	\$ 55,622
Average assets per factory employee (Excluding Executives)	79,047	85,842	75,096	73,666
Average net worth per employee - All employees	24,797	36,073	19,956	29,067
Average gross plant investment per factory employee (Excluding Executives)	57,846	58,500	52,865	43,112
Net worth percentage of fixed assets	115.53%	158.14%	109.94%	181.91%
EMPLOYEES				
Percent factory - All employees	81.18%	84.64%	79.67%	82.66%
Percent administrative - All employees	8.66	7.07	8.94	7.15
Percent sales - All employees	10.16	8.29	11.39	10.19
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	\$ 102,480	\$ 104,076	\$ 94,817	\$ 78,524
Sales per factory employee	134,673	124,163	133,022	96,532
Sales less material per factory employee	72,913	69,550	74,633	60,086
Sales per administrative employee	1,512,386	1,853,829	1,264,370	1,522,045
EXCLUDING EXECUTIVES				
Sales per employee - All employees	109,336	110,909	101,425	85,494
Sales per factory employee	141,053	130,521	139,019	103,894
Sales less material per factory employee	76,458	73,312	78,197	64,854
SALES PER SALESMAN	1,748,675	2,328,168	1,156,078	1,336,633
SALES TO CURRENT ASSETS	369%	318%	368%	278%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	34.97%	32.84%	37.12%	36.38%
Factory payroll percentage of gross plant investment	65.84	60.17	71.15	69.55
Payroll per employee - All employees	\$ 33,838	\$ 31,050	\$ 34,147	\$ 27,587
Payroll per factory employee	30,357	27,806	30,156	24,149
Payroll per administrative employee	41,297	47,367	42,648	49,225
Payroll per sales employee	60,295	56,008	58,247	45,935
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	\$ 26,513	\$ 23,781	\$ 26,823	\$ 20,955
Payroll per factory employee	24,430	22,012	24,477	19,307
Payroll per administrative employee	20,984	19,754	21,065	19,787
Payroll per sales employee	50,337	45,276	49,054	36,721
EXECUTIVE PAYROLL				
Payroll per executive - All executives	66,679	62,177	69,509	53,608
Payroll per factory executive	44,482	43,046	44,783	37,957
Payroll per administrative executive	93,766	101,825	94,407	99,856
Payroll per sales executive	78,499	67,422	75,631	63,095
RECEIVABLES				
Collection period	63.9	64.2	63.7	68.8
PROFIT				
Gross profit percentage of sales	19.85%	23.65%	21.28%	26.15%
Average gross profit per factory employee	\$ 29,412	\$ 29,976	\$ 32,233	\$ 27,782
Income before taxes percentage of sales	5.10%	12.02%	4.47%	10.66%
Average income before taxes per employee	\$ 5,348	\$ 12,317	\$ 4,106	\$ 8,448

SALES FROM \$20 TO \$40 MILLION		SALES FROM \$40 TO \$80 MILLION		SALES FROM \$80 TO \$160 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
\$ 59,976	\$ 76,187	\$ 80,945	\$ 92,149	\$ 83,180	\$ 98,482
76,889	94,160	101,742	109,654	99,721	114,367
26,729	39,627	37,715	44,011	53,658	68,813
57,660	70,671	80,597	75,662	74,442	90,828
129.03%	136.52%	95.50%	126.31%	163.36%	158.79%
82.41%	85.36%	84.66%	90.47%	83.86%	87.91%
8.91	7.37	6.27	4.56	9.33	7.57
8.68	7.27	9.07	4.97	6.81	4.52
\$ 103,909	\$ 120,050	\$ 129,094	\$ 152,970	\$ 143,137	\$ 160,004
127,660	143,347	155,669	170,182	170,062	184,539
68,437	78,236	74,464	77,490	80,612	83,862
1,621,387	1,821,481	2,487,447	4,177,050	1,726,032	1,988,205
110,646	126,329	138,975	165,728	145,546	162,472
133,880	148,409	166,074	181,058	171,621	186,036
71,819	81,040	79,213	82,212	81,443	84,714
2,210,537	2,750,557	3,212,356	3,986,588	3,777,434	4,458,271
369%	350%	381%	357%	326%	377%
33.71%	30.91%	28.26%	22.65%	30.70%	28.08%
64.66	54.61	44.54	42.84	54.07	40.59
\$ 32,361	\$ 34,157	\$ 35,078	\$ 31,762	\$ 38,878	\$ 39,016
29,439	30,924	32,390	29,419	36,572	35,986
38,416	43,114	43,720	59,782	34,502	41,521
62,926	64,198	58,796	52,975	75,902	88,429
\$ 25,155	\$ 25,852	\$ 27,231	\$ 25,916	\$ 32,561	\$ 31,483
23,223	23,792	25,948	24,846	31,087	29,466
20,120	18,489	22,619	19,798	21,245	24,825
51,659	50,742	47,724	43,720	69,386	80,542
62,088	70,536	61,556	59,701	77,276	82,840
43,550	46,636	42,151	45,684	57,694	60,872
93,123	101,237	91,355	109,149	97,028	117,656
77,795	63,995	88,473	83,156	102,007	90,640
63.7	60.5	66.0	64.6	63.0	48.9
18.78%	22.19%	15.24%	18.04%	19.60%	20.02%
\$ 25,118	\$ 32,399	\$ 26,692	\$ 31,414	\$ 29,948	\$ 33,859
6.10%	14.28%	4.08%	10.22%	9.43%	12.10%
\$ 6,693	\$ 16,211	\$ 5,807	\$ 15,273	\$ 12,984	\$ 17,297

CHAPTER 1 - BY SIZE OF FIRM

RETURN ON INVESTMENT - PER \$100 OF SALES

	ALL FIRMS REPORTING PROFIT		SALES FROM \$10 TO \$20 MILLION PROFIT	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
INVESTMENT				
Current Assets:				
Cash	\$ 2.73	\$ 6.13	\$ 3.04	\$ 8.29
Receivables	16.95	17.04	16.87	18.13
Inventories	8.29	9.10	8.30	12.25
Marketable securities	0.83	2.01	0.82	1.50
Other current assets	1.26	2.30	1.08	1.94
	30.06	36.58	30.11	42.11
Plant Investment:				
Land and building	7.67	7.74	7.74	8.41
Machinery and equipment	33.37	34.06	31.28	29.10
Other fixed assets	2.62	2.52	3.37	3.79
	43.66	44.32	42.39	41.30
Non-Current Assets	2.85	3.72	3.17	3.07
TOTAL INVESTMENT	76.57	84.62	75.67	86.48
INVESTMENT TURNOVER PER \$100 OF SALES	130.60%	118.18%	132.15%	115.63%
EARNINGS				
Cost of Product	\$80.15	\$76.35	\$78.72	\$73.85
Selling Expenses	7.62	6.46	8.65	8.08
Administrative Expenses	6.18	5.67	6.80	6.88
	93.95	88.48	94.17	88.81
Income Before Interest, Other Income, and Taxes	6.05	11.52	5.83	11.19
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.90%	13.61%	7.70%	12.94%

SALES FROM \$20 TO \$40 MILLION	
ALL FIRMS	PROFIT LEADERS

\$ 2.94	\$ 5.12
16.97	16.08
8.04	5.70
0.95	2.67
1.82	3.46

30.72	33.03
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7.24	6.96
33.16	38.07
1.96	1.36

42.36	46.39
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2.08	3.91
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75.16	83.33
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133.05%	120.00%
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\$81.22	\$77.81
6.81	5.54
5.67	4.62

93.70	87.97
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6.30	12.03
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8.38%	14.44%
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SALES FROM \$40 TO \$80 MILLION	
ALL FIRMS	PROFIT LEADERS

\$ 0.84	\$ 2.69
17.39	17.55
8.71	5.71
0.32	1.69
0.61	1.29

27.87	28.93
-------	-------

8.58	4.02
43.41	37.91
1.02	1.08

53.01	43.01
-------	-------

2.76	4.14
------	------

83.64	76.08
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119.56%	131.44%
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\$84.76	\$81.96
5.15	2.91
4.84	4.58

94.75	89.45
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5.25	10.55
------	-------

6.28%	13.87%
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SALES FROM \$80 TO \$160 MILLION	
ALL FIRMS	PROFIT LEADERS

\$ 1.97	\$ 0.69
16.73	13.09
10.11	10.37
1.04	2.07
1.69	0.30

31.54	26.52
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7.20	11.85
37.94	42.79
1.37	1.91

46.51	56.55
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3.91	6.14
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81.96	89.21
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122.01%	112.10%
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\$80.40	\$79.98
5.70	4.32
4.14	3.43

90.24	87.73
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9.76	12.27
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11.91%	13.75%
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CHAPTER 2 - BY PRODUCT SPECIALTY

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	43.89	39.89	47.45	41.79
FACTORY EXPENSES	20.46	17.88	23.24	22.21
TOTAL FACTORY COST OF PRODUCT	64.35	57.77	70.69	64.00
GROSS PROFIT	35.65	42.23	29.31	36.00
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.83	9.55	9.34	8.78
Selling expenses	14.14	12.66	8.33	5.72
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	24.97	22.21	17.67	14.50
INCOME BEFORE INTEREST EXPENSE	10.68	20.02	11.64	21.50
Interest expense	3.60	2.29	2.99	2.61
OPERATING INCOME (LOSS)	7.08	17.73	8.65	18.89
Other income (expense)	1.57	4.59	1.41	1.67
INCOME BEFORE INCOME TAXES	8.65	22.32	10.06	20.56

** Sample insufficient for Profit Leaders.

DIRECT MAIL-CATALOG		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
X	X	X	X	X
X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%
43.24	43.09	45.46	43.44	55.72
18.58	17.92	20.96	20.46	18.83
61.82	61.01	66.42	63.90	74.55
38.18	38.99	33.58	36.10	25.45
9.79	10.96	10.67	9.13	12.40
9.74	8.74	11.60	9.53	11.55
19.53	19.70	22.27	18.66	23.95
18.65	19.29	11.31	17.44	1.50
2.60	1.92	1.40	1.12	2.33
16.05	17.37	9.91	16.32	(0.83)
(0.15)	(0.08)	1.50	0.71	1.92
15.90	17.29	11.41	17.03	1.09

CHAPTER 2 - BY PRODUCT SPECIALTY

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.72%	2.82%	3.05%	2.92%
Direct wages	27.83	25.35	28.58	24.77
General factory salaries and wages	4.29	3.57	5.83	5.07
Packing, shipping and delivery wages	1.79	1.46	1.29	0.92
Payroll taxes	2.66	2.23	3.23	3.00
Employee benefits	4.60	4.46	5.47	5.11
TOTAL FACTORY PAYROLL	43.89	39.89	47.45	41.79
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.45	0.51	0.49	0.44
Depreciation - other	5.45	4.94	6.06	6.74
Taxes - real estate	0.39	0.32	0.28	0.21
Taxes - other	0.35	0.30	0.44	0.20
Insurance	0.52	0.44	0.39	0.31
Building rent	1.16	0.75	0.59	0.41
Utilities - heat, light, etc.	2.27	2.24	3.06	2.67
Equipment rental	0.76	0.47	1.20	0.43
Total Fixed Expenses	11.35	9.97	12.51	11.41
Other Expenses				
Factory supplies and expense	3.62	3.67	4.72	4.54
Packing, shipping and delivery expense	1.78	1.16	1.40	2.17
Repairs and maintenance	2.47	2.50	2.28	1.88
Other factory expenses	1.24	0.58	2.33	2.21
Total Other Expenses	9.11	7.91	10.73	10.80
TOTAL FACTORY EXPENSES	20.46	17.88	23.24	22.21
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.42	2.82	1.72	1.91
Salaries - office	2.70	1.89	2.07	2.01
Payroll taxes	0.33	0.27	0.28	0.30
Employee benefits	0.67	0.75	0.75	0.76
Bad debts	0.62	0.57	1.09	0.30
Office supplies and expenses	0.53	0.44	0.48	0.57
Professional fees	0.71	0.73	0.57	0.52
Taxes - business	0.13	0.07	0.03	0.03
Telephone	0.53	0.48	0.40	0.39
Other administrative expenses	2.19	1.53	1.95	1.99
TOTAL ADMINISTRATIVE EXPENSES	10.83	9.55	9.34	8.78
SELLING EXPENSES				
Salaries - executive	1.33	1.40	0.74	0.53
Salaries and commissions - salesmen	7.46	5.92	2.60	1.36
Salaries - sales office clerical	1.29	1.62	1.67	1.25
Payroll taxes	0.42	0.32	0.29	0.21
Employee benefits	0.59	0.61	0.61	0.36
Advertising	0.61	0.40	0.30	0.18
Travel and entertainment	1.17	0.95	0.81	0.60
Other selling expenses	1.27	1.44	1.31	1.23
TOTAL SELLING EXPENSES	14.14	12.66	8.33	5.72

** Sample insufficient for Profit Leaders.

DIRECT MAIL-CATALOG		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
2.45%	3.45%	3.96%	4.15%	2.95%
25.96	24.82	27.30	25.01	34.42
3.32	2.80	6.17	6.32	3.52
3.31	4.75	1.07	0.75	3.24
2.76	2.67	3.17	3.08	3.81
5.44	4.60	3.79	4.13	7.78
43.24	43.09	45.46	43.44	55.72
0.05	0.07	0.45	0.35	0.35
5.86	5.55	4.28	4.75	3.42
0.27	0.40	0.23	0.31	0.19
0.07	0.10	0.62	0.68	0.25
0.40	0.25	0.58	0.33	0.28
0.67	0.45	1.17	1.90	0.56
2.98	2.92	2.18	2.15	2.32
0.05	0.05	0.43	0.30	0.13
10.35	9.79	9.94	10.77	7.50
2.89	2.22	4.40	3.88	6.41
1.37	2.05	1.11	0.97	1.73
2.89	2.58	2.96	2.86	1.54
1.08	1.28	2.55	1.98	1.65
8.23	8.13	11.02	9.69	11.33
18.58	17.92	20.96	20.46	18.83
0.97	1.03	2.02	2.26	2.06
2.90	3.87	3.11	1.44	3.56
0.30	0.40	0.39	0.36	0.41
0.33	0.49	0.75	1.00	0.76
0.18	0.15	0.88	1.06	0.32
0.25	0.29	0.38	0.34	0.59
1.41	0.11	0.94	0.81	0.62
0.05	0.07	0.37	0.48	0.14
0.23	0.29	0.35	0.46	0.75
3.17	4.26	1.48	0.92	3.19
9.79	10.96	10.67	9.13	12.40
0.62	0.35	1.19	0.92	1.90
5.93	5.59	5.10	4.50	2.94
0.94	0.62	1.72	1.50	3.16
0.21	0.12	0.50	0.39	0.55
0.20	0.17	0.46	0.40	1.04
0.25	0.02	0.22	0.20	0.41
0.44	0.29	0.99	1.20	0.78
1.15	1.58	1.42	0.42	0.77
9.74	8.74	11.60	9.53	11.55

CHAPTER 2 - BY PRODUCT SPECIALTY

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	28.56	28.30	31.63	26.72
Other chargeable materials	6.14	5.41	6.99	6.81
Outside services	8.26	7.06	5.03	6.34
TOTAL MATERIALS	42.96	40.77	43.65	39.87
FACTORY PAYROLL	25.07	23.57	26.63	25.20
FACTORY EXPENSES	11.50	10.33	13.11	13.34
TOTAL FACTORY COST OF PRODUCT	79.53	74.67	83.39	78.41
GROSS PROFIT	20.47	25.33	16.61	21.59
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	6.23	5.81	5.17	5.16
Selling expenses	8.30	8.21	4.64	3.60
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	14.53	14.02	9.81	8.76
INCOME BEFORE INTEREST EXPENSE	5.94	11.31	6.80	12.83
Interest expense	1.99	1.20	1.68	1.57
OPERATING INCOME (LOSS)	3.95	10.11	5.12	11.26
Other income (expense)	0.86	2.53	0.76	0.93
INCOME BEFORE INCOME TAXES	4.81	12.64	5.88	12.19

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	2.82%	2.72%	3.76%	3.82%
Film	1.08	0.78	0.91	1.16
Plates	1.08	0.79	1.01	1.05
Other chargeable materials	1.16	1.12	1.31	0.78
TOTAL OTHER CHARGEABLE MATERIALS	6.14	5.41	6.99	6.81
OUTSIDE SERVICES				
Composition	0.57	0.40	0.21	0.34
Offset preparation	1.24	0.89	1.07	0.74
Printing	1.42	1.35	1.96	4.03
Binding	3.12	2.39	1.04	0.36
Other outside services	1.91	2.03	0.75	0.87
TOTAL OUTSIDE SERVICES	8.26	7.06	5.03	6.34

** Sample insufficient for Profit Leaders.

DIRECT MAIL-CATALOG		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%
34.70	32.74	25.76	24.28	26.49
5.60	5.25	5.71	6.78	5.62
4.96	3.86	7.08	9.95	3.35
45.26	41.85	38.55	41.01	35.46
23.61	24.97	28.02	25.60	35.95
10.13	10.44	12.75	11.88	12.07
79.00	77.26	79.32	78.49	83.48
21.00	22.74	20.68	21.51	16.52
5.46	6.41	6.56	5.38	7.97
5.27	5.09	7.42	5.83	7.43
10.73	11.50	13.98	11.21	15.40
10.27	11.24	6.70	10.30	1.12
1.38	1.12	0.85	0.66	1.51
8.89	10.12	5.85	9.64	(0.39)
(0.08)	(0.05)	0.94	0.41	1.23
8.81	10.07	6.79	10.05	0.84

4.07%	3.55%	0.99%	1.49%	2.70%
0.67	0.66	1.31	0.96	0.82
0.48	0.48	1.18	1.29	1.40
0.38	0.56	2.23	3.04	0.70
5.60	5.25	5.71	6.78	5.62
0.02	0.00	0.25	0.26	0.09
1.15	1.72	0.49	0.89	0.39
1.29	0.19	0.88	1.74	0.94
1.00	1.50	2.27	3.41	1.66
1.50	0.45	3.19	3.65	0.27
4.96	3.86	7.08	9.95	3.35

CHAPTER 2 - BY PRODUCT SPECIALTY

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.56%	1.77%	1.73%	1.74%
Direct wages	15.84	14.83	16.02	14.95
General factory salaries and wages	2.45	2.10	3.26	3.09
Packing, shipping and delivery wages	1.03	0.83	0.70	0.52
Payroll taxes	1.54	1.34	1.84	1.82
Employee benefits	2.65	2.70	3.08	3.08
TOTAL FACTORY PAYROLL	25.07	23.57	26.63	25.20
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.26	0.31	0.28	0.28
Depreciation - other	3.03	2.74	3.41	4.02
Taxes - real estate	0.21	0.18	0.16	0.14
Taxes - other	0.19	0.17	0.24	0.11
Insurance	0.29	0.26	0.21	0.18
Building rent	0.68	0.49	0.33	0.26
Utilities - heat, light, etc.	1.26	1.25	1.70	1.57
Equipment rental	0.45	0.31	0.69	0.26
Total Fixed Expenses	6.37	5.71	7.02	6.82
Other Expenses				
Factory supplies and expense	2.06	2.17	2.72	2.77
Packing, shipping and delivery expense	0.99	0.68	0.83	1.34
Repairs and maintenance	1.38	1.42	1.25	1.06
Other factory expenses	0.70	0.35	1.29	1.35
Total Other Expenses	5.13	4.62	6.09	6.52
TOTAL FACTORY EXPENSES	11.50	10.33	13.11	13.34
ADMINISTRATIVE EXPENSES				
Salaries - executive	1.38	1.67	0.98	1.13
Salaries - office	1.58	1.17	1.17	1.21
Payroll taxes	0.19	0.17	0.16	0.18
Employee benefits	0.39	0.45	0.42	0.47
Bad debts	0.35	0.33	0.55	0.19
Office supplies and expenses	0.31	0.27	0.28	0.34
Professional fees	0.40	0.44	0.34	0.35
Taxes - business	0.07	0.05	0.02	0.02
Telephone	0.31	0.30	0.23	0.24
Other administrative expenses	1.25	0.96	1.02	1.03
TOTAL ADMINISTRATIVE EXPENSES	6.23	5.81	5.17	5.16
SELLING EXPENSES				
Salaries - executive	0.78	0.96	0.42	0.33
Salaries and commissions - salesmen	4.37	3.70	1.40	0.80
Salaries - sales office clerical	0.77	1.08	0.95	0.80
Payroll taxes	0.25	0.20	0.17	0.13
Employee benefits	0.35	0.41	0.34	0.23
Advertising	0.36	0.26	0.17	0.13
Travel and entertainment	0.67	0.65	0.45	0.38
Other selling expenses	0.75	0.95	0.74	0.80
TOTAL SELLING EXPENSES	8.30	8.21	4.64	3.60

** Sample insufficient for Profit Leaders.

DIRECT MAIL-CATALOG		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
1.40%	2.00%	2.48%	2.48%	1.88%
14.08	14.32	16.68	14.60	22.21
1.78	1.63	3.91	3.85	2.27
1.93	2.79	0.65	0.45	2.14
1.50	1.55	1.99	1.82	2.48
2.92	2.68	2.31	2.40	4.97
23.61	24.97	28.02	25.60	35.95
0.03	0.04	0.28	0.21	0.23
3.18	3.22	2.57	2.76	2.22
0.16	0.24	0.15	0.19	0.12
0.04	0.06	0.37	0.40	0.17
0.21	0.14	0.37	0.20	0.18
0.35	0.26	0.61	0.96	0.36
1.63	1.71	1.33	1.27	1.49
0.03	0.03	0.27	0.18	0.08
5.63	5.70	5.95	6.17	4.85
1.55	1.30	2.79	2.35	4.09
0.79	1.19	0.66	0.58	1.11
1.55	1.50	1.80	1.67	0.99
0.61	0.75	1.55	1.11	1.03
4.50	4.74	6.80	5.71	7.22
10.13	10.44	12.75	11.88	12.07
0.54	0.60	1.23	1.35	1.34
1.64	2.26	1.97	0.87	2.30
0.17	0.23	0.25	0.22	0.27
0.19	0.28	0.45	0.59	0.49
0.10	0.08	0.51	0.59	0.20
0.14	0.17	0.23	0.20	0.38
0.68	0.06	0.58	0.46	0.41
0.03	0.04	0.22	0.28	0.09
0.13	0.17	0.21	0.27	0.49
1.84	2.52	0.91	0.55	2.00
5.46	6.41	6.56	5.38	7.97
0.32	0.20	0.75	0.55	1.23
3.24	3.30	3.31	2.74	1.89
0.49	0.35	1.08	0.94	2.04
0.11	0.07	0.32	0.24	0.35
0.11	0.10	0.29	0.25	0.66
0.12	0.01	0.14	0.12	0.27
0.23	0.16	0.60	0.72	0.50
0.65	0.90	0.93	0.27	0.49
5.27	5.09	7.42	5.83	7.43

CHAPTER 2 - BY PRODUCT SPECIALTY

BALANCE SHEET

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	3.82%	8.70%	5.03%	10.52%
Receivables	32.08	28.92	27.02	21.34
Inventories	13.25	11.21	13.73	10.67
Other current assets	2.72	5.49	5.26	10.08
TOTAL CURRENT ASSETS	51.87	54.32	51.04	52.61
FIXED ASSETS				
Real estate	12.02	11.39	13.50	11.33
Less: Accumulated depreciation	2.94	2.79	3.98	2.54
	9.08	8.60	9.52	8.79
Machinery and equipment	59.29	51.87	66.68	62.07
Less: Accumulated depreciation	28.10	22.41	31.48	28.22
	31.19	29.46	35.20	33.85
Other fixed assets	5.32	4.13	3.54	2.91
Less: Accumulated depreciation	2.62	2.48	1.41	0.73
	2.70	1.65	2.13	2.18
NET FIXED ASSETS\	42.97	39.71	46.85	44.82
OTHER ASSETS	5.16	5.97	2.11	2.57
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	10.88	3.67	8.19	4.33
Accounts payable	14.16	10.20	11.74	7.34
Other current liabilities	8.69	11.47	8.03	7.35
TOTAL CURRENT LIABILITIES	33.73	25.34	27.96	19.02
LONG-TERM LIABILITIES	27.27	19.70	25.08	28.99
TOTAL LIABILITIES	61.00	45.04	53.04	48.01
SHAREHOLDERS' AND PROPRIETORS' EQUITY	39.00	54.96	46.96	51.99
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.54	2.14	1.83	2.77
QUICK RATIO	1.14	1.70	1.33	2.21
TOTAL LIABILITIES TO EQUITY	1.56	0.82	1.13	0.92
LONG-TERM LIABILITIES TO EQUITY	0.70	0.36	0.53	0.56
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.47	0.43	0.47	0.45

** Sample insufficient for Profit Leaders.

DIRECT MAIL-CATALOG	
ALL FIRMS	PROFIT LEADERS

BOOK	
ALL FIRMS	PROFIT LEADERS

NO PREDOMINANT PRODUCT**
ALL FIRMS

2.34%	3.50%
30.88	33.94
9.02	7.67
0.41	0.36
42.65	45.47

2.21%	1.60%
33.32	31.57
20.34	26.97
5.63	3.04
61.50	63.18

9.67%
26.24
20.32
5.13
61.36

8.91	5.74
2.49	2.04
6.42	3.70

15.11	10.73
5.04	3.21
10.07	7.52

15.82
3.95
11.87

73.58	75.97
31.54	36.15
42.04	39.82

47.19	41.30
26.87	21.23
20.32	20.07

45.52
23.94
21.58

2.27	2.70
0.86	0.82
1.41	1.88
49.87	45.40
7.48	9.13

4.05	4.02
1.97	2.37
2.08	1.65
32.47	29.24
6.03	7.58

5.98
2.73
3.25
36.70
1.94

100.00	100.00
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100.00	100.00
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100.00

2.35	2.56
9.19	7.86
7.87	8.99

5.71	3.84
13.36	18.94
11.62	8.24

6.15
11.62
16.15

19.41	19.41
26.59	15.43

30.69	31.02
21.81	19.85

33.92
19.18

46.00	34.84
54.00	65.16

52.50	50.87
47.50	49.13

53.10
46.90

100.00	100.00
--------	--------

100.00	100.00
--------	--------

100.00

2.20	2.34
1.73	1.95
0.85	0.53
0.49	0.24
0.43	0.48

2.00	2.04
1.34	1.17
1.11	1.04
0.46	0.40
0.57	0.51

1.81
1.21
1.13
0.41
0.53

CHAPTER 2 - BY PRODUCT SPECIALTY

SIGNIFICANT FACTS

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	\$ 61,168	\$ 75,114	\$ 57,645	\$ 63,361
Average assets per factory employee (Excluding Executives)	79,432	96,272	70,261	74,924
Average net worth per employee - All employees	23,582	38,505	29,487	34,170
Average gross plant investment per factory employee (Excluding Executives)	59,958	65,258	56,494	53,668
Net worth percentage of fixed assets	103.19%	155.16%	109.72%	133.33%
EMPLOYEES				
Percent factory - All employees	80.82%	82.27%	86.58%	89.22%
Percent administrative - All employees	8.87	7.41	6.92	6.44
Percent sales - All employees	10.31	10.32	6.50	4.34
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	\$ 107,564	\$ 118,827	\$ 96,389	\$ 88,829
Sales per factory employee	133,989	144,047	111,944	99,644
Sales less material per factory employee	73,725	78,445	60,524	57,798
Sales per administrative employee	1,446,604	1,740,850	1,635,065	1,917,682
EXCLUDING EXECUTIVES				
Sales per employee - All employees	114,400	126,540	102,567	94,182
Sales per factory employee	140,302	151,144	117,776	104,390
Sales less material per factory employee	77,272	82,702	63,681	60,472
SALES PER SALESMAN	1,515,028	1,610,258	3,375,153	4,752,251
SALES TO CURRENT ASSETS	380%	332%	378%	298%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	35.12%	33.39%	32.62%	30.48%
Factory payroll percentage of gross plant investment	65.66	61.52	62.74	49.82
Payroll per employee - All employees	\$ 35,669	\$ 34,667	\$ 30,294	\$ 25,928
Payroll per factory employee	31,623	30,458	28,694	24,150
Payroll per administrative employee	42,011	48,647	37,866	43,492
Payroll per sales employee	67,021	65,806	47,242	43,679
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	\$ 28,129	\$ 26,671	\$ 23,441	\$ 19,341
Payroll per factory employee	25,584	24,339	22,838	18,665
Payroll per administrative employee	21,283	19,843	18,756	18,887
Payroll per sales employee	57,655	56,479	34,717	27,520
EXECUTIVE PAYROLL				
Payroll per executive - All executives	73,911	73,167	51,852	49,282
Payroll per factory executive	46,399	46,237	41,675	37,577
Payroll per administrative executive	103,423	121,574	78,467	82,005
Payroll per sales executive	84,378	75,015	71,298	67,523
RECEIVABLES				
Collection period	65.1	65.2	57.0	54.5
PROFIT				
Gross profit percentage of sales	20.47%	25.33%	16.61%	21.59%
Average gross profit per factory employee	\$ 28,399	\$ 35,673	\$ 18,775	\$ 21,806
Income before taxes percentage of sales	4.81%	12.64%	5.88%	12.19%
Average income (loss) before taxes per employee	\$ 5,331	\$ 14,461	\$ 5,468	\$ 10,750

** Sample insufficient for Profit Leaders.

DIRECT MAIL-CATALOG		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
\$ 75,558	\$ 68,609	\$ 48,850	\$ 57,734	\$ 39,870
100,186	95,378	64,778	72,027	51,618
44,013	51,859	22,669	26,571	17,465
82,164	76,309	39,843	40,102	33,412
113.03%	142.63%	178.55%	222.45%	188.17%
81.33%	80.99%	81.14%	86.22%	82.57%
9.06	11.27	9.54	5.49	7.94
9.61	7.74	9.32	8.29	9.49
\$ 129,397	\$ 116,302	\$ 75,478	\$ 80,510	\$ 62,699
164,369	151,701	94,671	94,403	76,950
89,620	88,974	57,419	55,768	49,382
1,815,061	1,043,163	1,708,164	2,750,066	1,912,819
135,198	123,048	81,596	87,808	67,127
170,072	159,622	100,856	101,492	80,729
92,925	93,627	61,244	60,002	51,787
1,172,754	743,333	1,520,342	1,781,826	1,115,512
430%	410%	283%	260%	282%
30.43%	32.36%	37.68%	33.35%	46.52%
50.54	54.58	78.87	74.85	93.06
\$ 38,094	\$ 36,473	\$ 27,373	\$ 26,653	\$ 29,179
36,451	34,879	25,378	23,613	27,420
33,506	35,150	42,307	56,203	42,079
59,494	61,286	42,457	43,482	53,157
\$ 30,383	\$ 29,457	\$ 21,667	\$ 20,270	\$ 21,714
28,204	27,177	20,691	18,640	21,117
23,288	25,898	18,809	18,836	27,882
54,059	56,204	34,152	34,636	34,437
62,385	55,872	46,516	43,807	56,059
56,247	53,121	39,785	35,099	40,140
69,697	66,213	64,575	77,251	82,725
49,479	33,755	58,565	53,710	81,525
63.5	68.9	76.9	81.5	60.5
21.00%	22.74%	20.68%	21.51%	16.52%
\$ 37,485	\$ 39,495	\$ 21,433	\$ 22,597	\$ 12,841
8.81%	10.07%	6.79%	10.05%	0.84%
\$ 11,433	\$ 12,263	\$ 5,493	\$ 8,021	\$ (129)

CHAPTER 2 - BY PRODUCT SPECIALTY

RETURN ON INVESTMENT - PER \$100 OF SALES

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	\$ 2.45	\$ 6.38	\$ 3.96	\$ 8.73
Receivables	17.35	17.37	14.98	14.52
Inventories	7.22	6.87	7.88	8.14
Marketable securities	0.74	2.49	1.04	2.59
Other current assets	0.89	1.41	2.44	4.72
	<u>28.65</u>	<u>34.52</u>	<u>30.30</u>	<u>38.70</u>
Plant Investment:				
Land and building	7.41	7.94	8.03	7.76
Machinery and equipment	32.78	31.53	39.00	41.92
Other fixed assets	2.80	2.37	1.83	2.15
	<u>42.99</u>	<u>41.84</u>	<u>48.86</u>	<u>51.83</u>
Non-Current Assets	<u>3.18</u>	<u>4.13</u>	<u>1.28</u>	<u>1.66</u>
TOTAL INVESTMENT	<u>74.82</u>	<u>80.49</u>	<u>80.44</u>	<u>92.19</u>
INVESTMENT TURNOVER PER \$100 OF SALES	<u>133.65%</u>	<u>124.24%</u>	<u>124.32%</u>	<u>108.47%</u>
EARNINGS				
Cost of Product	\$79.53	\$74.67	\$83.39	\$78.41
Selling Expenses	8.30	8.21	4.64	3.60
Administrative Expenses	6.23	5.81	5.17	5.16
	<u>94.06</u>	<u>88.69</u>	<u>93.20</u>	<u>87.17</u>
Income Before Interest, Other Income (Expense), and Taxes	<u>5.94</u>	<u>11.31</u>	<u>6.80</u>	<u>12.83</u>
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	<u>7.94%</u>	<u>14.05%</u>	<u>8.45%</u>	<u>13.92%</u>

** Sample insufficient for Profit Leaders.

DIRECT MAIL-CATALOG
ALL FIRMS PROFIT LEADERS

BOOK
ALL FIRMS PROFIT LEADERS

NO PREDOMINANT
 PRODUCT**
ALL FIRMS

\$ 1.11 \$ 1.66
 17.32 18.88
 4.76 3.76
 0.00 0.00
 0.25 0.22

\$ 1.49 \$ 1.33
 19.96 20.93
 14.89 23.02
 1.80 0.00
 2.05 2.02

\$ 6.10
 16.11
 13.17
 0.27
 2.99

23.44 24.52

40.19 47.30

38.64

4.74 2.73
 41.26 42.11
 1.31 1.56

8.74 6.68
 29.41 28.89
 2.62 2.84

9.90
 28.96
 3.72

47.31 46.40

40.77 38.41

42.58

4.67 5.80

4.45 6.04

1.01

75.42 76.72

85.41 91.75

82.23

132.59% 130.34%

117.08% 108.99%

121.61%

\$79.00 \$77.26
 5.27 5.09
 5.46 6.41

\$79.32 \$78.49
 7.42 5.83
 6.56 5.38

\$83.48
 7.43
 7.97

89.73 88.76

93.30 89.70

98.88

10.27 11.24

6.70 10.30

1.12

13.62% 14.65%

7.84% 11.23%

1.36%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING**		
		TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME (LOSS)
TOTAL - ALL FIRMS	159	\$15,245,000	\$ 25,736,000	\$ 1,534,000
TOTAL - PROFIT LEADERS*	40	21,686,000	34,204,000	4,094,000
BY SIZE OF FIRM				
ALL FIRMS				
\$10,000,000-\$20,000,000	83	8,049,000	14,301,000	606,000
\$20,000,000-\$40,000,000	44	16,537,000	28,836,000	1,759,000
\$40,000,000-\$80,000,000	16	33,441,000	53,107,000	2,322,000
\$80,000,000-\$160,000,000	3	86,562,000	132,898,000	13,268,000
PROFIT LEADERS				
\$10,000,000-\$20,000,000	19	9,389,000	13,957,000	1,453,000
\$20,000,000-\$40,000,000	13	19,181,000	29,254,000	4,165,000
\$40,000,000-\$80,000,000	3	29,511,000	50,106,000	5,077,000
\$80,000,000-\$160,000,000	2	85,141,000	134,362,000	15,665,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	102	13,630,000	23,146,000	1,251,000
Magazine and Periodical	25	26,580,000	43,879,000	3,302,000
Direct Mail-Catalog	3	21,883,000	37,618,000	3,152,000
Book	11	10,492,000	16,638,000	1,120,000
No Predominant Product	5	14,785,000	23,472,000	(217,000)
PROFIT LEADERS				
Commercial and Advertising	21	18,238,000	29,282,000	3,526,000
Magazine and Periodical	10	39,157,000	61,059,000	7,486,000
Direct Mail-Catalog	2	16,409,000	27,877,000	2,934,000
Book	5	9,478,000	13,504,000	1,335,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on page 35.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

<u>Firm</u>	<u>Sales</u>	<u>Factory Payroll</u>	<u>% of Sales</u>	
			<u>Firm's Ratio Factory Payroll</u>	<u>PIA Ratio Factory Payroll</u>
A	\$ 200,000	\$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			<u>62.2% divided by 3 = 20.7%</u>	

